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The Director of Central Intelligence  
Washington, D.C. 20505

National Intelligence Council

NIC No. 01555-85/1  
25 March 1985

MEMORANDUM FOR: See Distribution

FROM: George Kolt  
National Intelligence Officer for Europe

SUBJECT: Warning and Forecast Report for Europe

1. Attached is my report to the DCI based on our meeting held 20 March 1985. If there are any significant amendments or additions you would wish to make, please let me know.

2. Next month's warning meeting will be on 17 April 1985 at 1015 in room 7-E-62, CIA Headquarters. Please have your clearances passed and call [redacted] with names of the attendees by noon, 16 April 1985.

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3. I also encourage you to phone in suggestions for the agenda and proposals to make opening presentations. It would be helpful to have your comments for the next meeting by Monday, 8 April 1985.

  
George Kolt

Attachment  
a/s



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25 March 1985

MEMORANDUM FOR: Director of Central Intelligence  
Deputy Director of Central Intelligence

FROM: George Kolt  
National Intelligence Officer for Europe

SUBJECT: March Warning and Forecast Report

I. The Main Topics

1. Italian Regional Elections:

A. Discussion

Regional elections on 12 May could lead to a cabinet reshuffle or even a crisis for Premier Craxi's government by late summer. The main danger for Craxi is the possibility of a PCI plurality that would increase the Communists' power to demand a role in national government. In the campaign Craxi is sticking to his long-term strategy of wooing the center (with the attendant risk of losing leftist voters to the CPI) while the Christian Democrats (DC), afraid of another erosion of their base, are using traditional appeals to Church values and condemnations of communism. Rising abstention rates, vote-switching, and the lack of reliable polls make results impossible to predict.

After the May elections, maneuvers testing new coalition possibilities are likely -- including talk of a Socialist-PCI arrangement at the expense of the Christian Democrats. When Parliament begins balloting to elect a new President on June 23, extensive wheeling and dealing could add enough wear and tear on Craxi's coalition to bring on another government crisis.

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## 2. Turkey: On the Eve of Ozal's Visit

### A. Discussion

Premier Ozal, the country's civilian leader, is likely to remain solidly in control at least through summer. He benefits most from growing confidence that Turkey is gaining ground internationally in its rivalry with Greece -- particularly because of Kyprianou's political weakness in Cyprus and Papandreou's antics. For the near term, Ozal probably will concentrate more attention on containing rebellious provincial party leaders and factions in preparing for the Motherland Party at its congress in April. He seems to have survived the first wave of scandals in his cabinet without much lasting damage to himself or the party. The shock effect of renewed terrorism and Kurdish separatism last summer has also worn off and government counter-measures are taking effect. The major problem he faces down the road is controlling inflation -- increasing at an average of 6 percent in January and February and 48.7 percent higher than in February 1984 -- and lowering the 21 percent unemployment rate. Some analysts foresee serious civil-military frictions if he fails to turn the economy around by fall and possible attempts to engineer Ozal's fall through defections from his party.

But even this "limited intervention" option risks a return to a weak coalition regime and holds little attraction for the generals. They are therefore likely to stick with Ozal while pressuring him to change his market-oriented economic policies.

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### 3. Papandreou's Gamble

#### A. Discussion

Premier Papandreou's unexpected move in dumping President Karamanlis two weeks ago upset previous assumptions about electoral politics and Papandreou's overall motives and intentions. The meeting reviewed several theories about his motives. They include: a long standing and duplicitous "grand design" to rid himself of the President's constitutional restraints and assertive strong personality; a desperate move to hold the loyalty of wavering PASOK leftists; and, an idiosyncratic, ideologically motivated, and rash response to pressures of the moment.

Projections of his next moves were less diverse. Most analysts forecast he now will appease moderates rather than pursue a full-blown PASOK program, but some stressed that this moderation tactic would disappear as soon as the next elections are over. All analysts agreed that Papandreou's political partners would be ill-advised to bank on his gratitude, consistency or predictability.

Looking at the political branch points ahead, there was agreement that PASOK had the best chance to remain in power if Papandreou can postpone the elections until fall, but little agreement on which party would win the election, be it in spring or fall.

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## II. Monitoring Items

### 1. East Europe: First Perceptions of Gorbachev

Initial reactions in East Europe to Gorbachev's selection as Secretary General appear to be warmest from regimes in Hungary and Bulgaria which have economic reforms underway. Leaderships with deep misgivings about reform -- Czechoslovakia and Romania -- seem less effusive and there is hesitancy in some reactions -- Poland's for example -- due an apparent lack of "feel" for Gorbachev. A long-postponed Political Consultative Committee meeting of the Warsaw Pact now rumored for April may give a public clue on Gorbachev's East European policy. The aging leaders in East Europe might not be able to develop strong personal ties with the younger Soviet leader and their younger lieutenants may begin maneuvering behind their backs.

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### 2. New Polish Developments

Jaruzelski faces heightened internal pressures this spring. Lech Walensa last week announced Solidarity's call for protest actions on 1 April and 1 May. Last year, Solidarity managed to blend its marchers into state-run May Day parades.

### 3. Cyprus: Status of Tensions

Greek and Turkish leaders are too preoccupied with internal political issues at this time to press their mutual rivalry. On 28 March, Kyprianou must face a second round of Parliamentary criticism of his handling of UN-sponsored talks in February. In the meantime, he has agreed to review a SYG-proposed "composite document" in order to revive intercommunal talks at about the point that they were broken off in February. Denktash meanwhile is pressing ahead with a referendum on a new Constitution for the TNRC. Parliamentary elections will formalize the new Turkish parliament but probably make no major personnel changes. The Turks, playing to world opinion, have also pledged that these steps are not intended to foreclose later discussions on federation. The Turks are not prepared to make new concessions to Kyprianou that might ease his political problems.

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### 4. Malta: Mintoff in Eclipse -- Bonnici on the Rise?

A growing number of reports suggest Dom Mintoff gave up more than nominal power last December when he ceded the premiership to Karmelu Mifsud Bonnici. Subsequently Mintoff failed in a bid to take

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charge of the central bank and he has appeared rarely in public since January. In the meantime, Bonnici has assumed the leadership of the Labor party -- apparently without benefit of a vote. Bonnici is also grabbing the limelight in his own right. He played a moderate role in arranging a speech by a visiting Italian politician even though other Labor leaders attempted to invoke the Foreign Interference Law to stop it. On the other hand, Bonnici afterward delivered [redacted] attack in Parliament on the EC for "excluding Eastern Europe." [redacted] Minister of Public Works, Lorry Sant [redacted] thinks he should be Mintoff's heir, and now disparages Bonnici's ability to survive in a tough fight. In the meantime, Libya has managed to establish a more or less constant naval presence in the form of several smaller naval craft which are undergoing minor repairs. Qadhafi is also urging a disinterested Syria to emulate the security agreement which Qadhafi signed with Mintoff in November 1984.

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